NMEP Case Study Sites Project—
National Medicare Education Program Assessment:
Medicare Managed Care Markets and Information
In Six Communities: 1998 - 2001

Purpose: This report looks at managed care markets in 6 communities monitored by the Centers for Medicare and Medicaid Services (CMS) since 1998 as part of its *National Medicare Education Program (NMEP) Assessment.* The purpose of this study was to determine what kinds of managed care information are needed and available under varying circumstances. Research included an analysis of: 1) in-depth interviews (IDIs) with Medicare information suppliers and other experts in the 6 communities, plus state officials and CMS Regional Office staff; 2) results of our annual NMEP Community Monitoring Survey of Medicare beneficiaries; 3) data from the CMS Enrollment Data Base; 4) major newspapers, as well as well-known periodicals for seniors, discussing topics relevant to NMEP; 5) information from Medicare Compare and plan marketing materials; and 6) IDIs with 31 new Medicare enrollees about their transition into Medicare and their use of information to make initial plan choices. By understanding the varying contexts among our study sites, we've gained a view of how NMEP policies and initiatives are experienced by beneficiaries and the information providers who serve them.

Results: This study revealed the following key findings:

- Enrollment in managed care decreased slightly in the study sites between 2000 and 2001.
  - Much of this decline was associated with managed care plans that terminated their contracts with Medicare.
- The managed care environment has continued to change in almost all the study sites.
  - Between 2000 and 2001, Medicare managed care choices declined in in four study sites, benefits were reduced and cost-sharing (i.e., premiums, copayments) increased, and significant network disruptions occurred.
- An important effect of changes in the managed care environments between 1998 and 2001 has been to make the decisions about choices available to beneficiaries more complex.
  - At the beginning of this case study, many information providers and beneficiaries had relatively simple perceptions about what was important when making a decision about whether to select a managed

care plan—limited mostly to network adequacy ("whether your doctor was in the plan"), the acceptability of the constraints of a primary care physician (PCP) gatekeeper, and the financial advantages of managed care versus the cost of purchasing a Medigap supplementary insurance plan to establish comprehensive Medicare coverage.

- The experiences of plan terminations in most of the study sites since 1998 has heightened many beneficiaries' awareness that plans make the decision about Medicare participation annually and the financial consequences they might face in purchasing Medigap coverage if a plan exists.

  — Prospective plan customers at sales meetings are asking about the stability of the plan and its intention to stay in the service area.

  — Beneficiaries also want to know why one plan might stay, if another one had left because it claimed it could no longer afford to provide services.

  — Some beneficiaries are increasingly concerned about provider networks' instability—fearing its effects on their access to health services and on the future availability of plans—as well as about cost increases.

  — Also, as cost-sharing requirements increase and benefits are reduced among plans, it becomes more difficult for beneficiaries, as well as information providers, to compare the relative value of benefits for individual situation, both among managed care plans and Original Medicare.

- Several types of evidence from the case study, taken together, suggest that the systems for providing access to useful information about managed care in local markets are working, although improvements are still needed.

  - The systems of information supply (principally by the State Health Insurance Programs, or SHIPs) have been able to accommodate the complex and urgent local information issues required by extensive involuntary disenrollments and other new issues.

  - The vast majority of information about plan choice is still provided to beneficiaries by the plans themselves, with only 6 to 9 percent of beneficiaries using community or public information resources about managed care.

  - The six study sites do vary in terms of the volume of information demanded by beneficiaries about managed care, suggesting that some

outreach efforts may still be able to be improved.

- The provision of information about managed care has also become more challenging.

  - Among key partners, the state SHIP programs have taken the lead in gathering information about important market changes and establishing information strategies to keep local SHIPs informed.

    — However, local SHIP programs at the six study sites appear to vary greatly in terms of their information responses to managed care market changes.

  - Multi-year monitoring of the sites has revealed a trend of some information providers to now include in their discussions more information about Medicaid, state prescription drug benefits, eligibility for VA benefits, eligibility for QMB/SLMB as well as more details about managed care plans such as networks, formularies, provider access, capacity limits, and the like.

  - Changes in the managed care market present special challenges to information providers

    — Some changes take place frequently, sometimes occurring “off-cycle, are specific to single geographic areas (e.g., provider terminations, premium increases), and are more dynamic in that facts often shift over time.

- The study of managed care “switching behavior” at the 6 study sites continues to demonstrate that the switching behavior of beneficiaries is strongly affected by market conditions.

  - Most beneficiaries in the study do not appear to be motivated to switch among managed care plans or return to Original Medicare unless they are affected by significant market changes, such as plan terminations and significant benefit or network changes.

- The commercial sources of information—the managed care plans and insurance companies—continue to be those most used by the beneficiaries in the study to find information about managed care.

- Use of CMS information sources to find information on managed care, while low relative to the commercial sources of information, is increasing.